

CORPUS CHRISTI ARMY DEPOT PARTNERS WITH INDUSTRY

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Introduction

Depot-level maintenance is a dynamic mix of changing priorities and stringent workloads. With more than 30 percent of the Corpus Christi Army Depot (CCAD) workload coming from cross-Service customers, this makes depot-level maintenance more complex. Like the workforce at most DOD depots, a good portion of the CCAD workforce is eligible to retire during the next few years, potentially adversely impacting CCAD operations. One approach to deal with this is to establish partnering efforts with industry. Effective partnering will ensure that the CCAD workforce is provided with the right tools at the right place at the right time.

It makes good business sense to complement our depot-critical skills through partnerships. We expect to improve capacity utilization at CCAD and, ultimately, improve readiness by having more systems ready for flight than in the logistics pipeline. We have core capabilities at CCAD, which when leveraged with private industry capabilities, will improve our ability to meet the needs of the Army's recapitalization strategy.

Recapitalization Strategy

CCAD Commander COL Mitch Dockens is leading the CCAD/industry partnering effort. CCAD's leaders see a methodical, strategic approach to

partnering as a definite asset to modernize the Army's aging fleet. It will take smooth work integration at CCAD and smart partnering to move from the current inspection-based depot repair approach to the robust rebuilding effort envisioned in the recapitalization strategy.

In preparation for these partnering efforts, CCAD's leaders have been implementing the depot's strategic plan. Initiated in 1998, the 5-year plan targets large cycle time reductions, increased workforce flexibility and responsiveness, and reduced maintenance costs through re-engineering depot processes.

Within the constraints of limited funding, successful CCAD/industry partnering efforts will be judged in terms of definitive cycle time and inventory reductions. That's a tall order. It's taking focus and commitment, but CCAD is up to that challenge. The depot's new Business Development Office is focusing on partnering to build a strong foundation to support all weapon systems and subsystems overhauled and maintained at CCAD.

Preparation Tactics

Now to the specifics of our preparation. The CCAD Business Development Office is developing partnerships based on the regulatory statutes governing public-private partnerships. Four sections of U.S.C. Title 10 cover about 70 percent of

current partnerships in depot maintenance. Partnering tools include workshare agreements, virtual prime vendor support agreements, direct vendor deliveries, and Memorandums Of Understanding (MOUs). The tools that are used by the Business Development Office in each case will be based on what is ethical, legal, and safe, and that which makes good mutual business sense for CCAD and its potential partners. For example, workshare through MOUs allows CCAD to perform a specific portion of an entire work package. In workshare, each partner contributes technical, practical, or equipment capabilities to increase efficiency through the complementary use of resources. Capital investments such as one-of-a-kind airframe fixtures and expensive test cells will serve as decision points for entering such partnering arrangements.

Development of sound partnerships includes learning from those installations currently working effective public-private partnerships. It has meant research, study, and asking questions of mentors such as Leslie Mason, Anniston Chief Legal Counsel, and Gilda Knighton, Anniston Army Depot Business Office. The September 1999 publication *Public-Private Partnerships for Depot-Level Maintenance*, prepared by the Office of the Deputy Under Secretary of Defense (Logistics), is a good information source and has helped us understand the positive impact that

current DOD partnering efforts have had on DOD capacity, depot-level maintenance rates, and readiness impacts.

Applying Partnerships

CCAD leaders have entered into MOUs with four major manufacturers: Sikorsky Aircraft Corp., Honeywell, the Boeing Co., and General Electric (GE) Aircraft Engines. The goal is to combine the unique attributes of both the depot and the private sector to integrate Defense production, engineering, and logistics capabilities; and to eliminate duplication of Defense resources. While these MOUs are not contractually binding, they have been entered into in the spirit of cooperation and exploration. We expect to continue building upon these MOUs with industry partners to maximize cross-pollination of ideas, best practices, and technological advances.

We're intending to use an integrated approach so that T700 engine parts can be forecasted, purchased, and shipped to an onsite staging warehouse where they will be put into kits to support the Apache and BLACK HAWK helicopters. As a tenant organization at the Naval Air Station, Corpus Christi, TX, CCAD is working with Navy Public Works to acquire an operations warehouse for UH-60 major structure repair kits as well as the T700 engine kits. The goal is to mesh CCAD's overhaul experience with the technical experience provided by a private-sector partner, which yields direct delivery for CCAD workstations. For example, the current method is to put an aircraft into the depot work process, inspect it, identify major structural components needing replacement, order them from original equipment manufacturers, and receive the parts within 18 months. Under the virtual prime vendor approach, CCAD will have a "virtual kit" of long lead time major structural components available onsite from the original equipment manufacturer (OEM) within 1 day. Depot artisans deserve just-in-time material management—the right materials at the right place at the right time—thereby reducing the need to have surplus inventory.

Key to our planning will be the need to balance our process lines to return

overhauled systems to depot customers—field units to whom readiness "rates" equate to training opportunities and flyable hours.

We must refine the partnering strategies we undertake while maintaining stringent quality standards for our aviation customers. We expect future alliances to allow CCAD to be the focused overhaul process provider and maintenance integrator to our customers. We'll integrate the core competencies of OEMs and other commercial sources to squeeze time for our aviation customers and, together, improve the field reliability and maintainability of overhauled systems.

Admittedly, it's a paradigm shift. We at CCAD, as a workload integrator, must understand core competencies. Only then can we take full advantage of leveraging our competencies (once termed competitive advantages) with those that potential industry partners offer. Together, we have an extremely important opportunity and responsibility to achieve greater efficiencies as well as to compress repair and maintenance timeframes for the fleet. It ultimately reduces the logistics footprint where we can combine our strengths in achieving these goals. It becomes a matter of understanding that leveraging and synergy are the innovations to achieve the zero-time/zero-mile platform that is the Army's strategy for the helicopter fleet.

These MOUs have Sikorsky, GE, Honeywell, Boeing, and CCAD working together to develop partnering and recapitalization efforts. The language that is evolving is new, based on that middle ground between the public and private sector. It's a new perspective in which we shift from win-lose to working together to achieve common repair-cycle reduction and recapitalization goals.

Summary

Partnerships have their risks and rewards. Together, we'll become much more attuned to accurate forecasting data. We'll work together with the understanding that forecasting the need for specific quantities of materials represents risk to our partners, while low inventories mean extreme risk to depot production and Army

readiness. Partnering will mean maintaining solid production data from OEMs—a must for reliability centered maintenance, a cornerstone of recapitalization.

Finally, the historical nonprofit and profit dividing lines between public and private organizations must be addressed. With the funding issues it faces, CCAD will leverage the value of fair and reasonable compensation for unique competencies with its capability to minimize cycle times and inventory investment. As a public entity, CCAD will concentrate on a best-value approach for the long term, using business and operations analysis to build partnerships for mutual benefit, and to make sound, ethical, legal, and financial decisions. Ultimately, our goal is to achieve the near-zero-time standard of recapitalization and to improve the helicopter fleet for our customers—the soldier, airman, Marine, and sailor.

For more information about CCAD, access our Web page at <http://www.ccad.army.mil>. An online tour is available by double-clicking CCAD's brochure on the left margin of the home page.

Postscript: In September 2000, just prior to this magazine going to press, the Army's Aviation and Missile Command, CCAD, and GE signed a \$46 million technical support/parts logistics agreement to reduce T700 engine depot repair turnaround time by 50 percent and increase T700 time on-wing by 100 percent.

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